

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:
Eileen Parlow
(202) 512-7356
parlowe@fasab.gov

August 1, 2006

NEWS RELEASE

FASAB Issues an Exposure Draft Entitled *Interpretation: Items Held for Remanufacture*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), David Mosso, announced today that the FASAB is seeking input on an Exposure Draft for a proposed Interpretation, *Items Held for Remanufacture*. The proposed Interpretation would provide guidance for the classification, valuation and reporting of items that are held for remanufacture prior to sale or issuance.

Items held for remanufacture include items in the process of inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing and restoration to serviceable or technologically updated/upgraded condition. The proposed Interpretation would not apply to stand-alone items such as entire airplanes, ships, tanks, intercontinental ballistic missiles (ICBMs) or other higher assemblies that function independently.

“The proposed Interpretation would clarify the principles governing the classification, valuation and reporting of items that are in the process of major overhaul or remanufacture for sale or for internal use. This would facilitate work by preparers and auditors in the federal environment while ensuring consistency in the broad principles applied in these cases.” according to Chairman Mosso.

The proposed Interpretation applies existing standards, including Statements of Federal Financial Accounting Standards 3, 6 and 23 to items held for remanufacture. Although the guidance was requested by the Department of Defense, the proposed Interpretation would apply to other Federal entities with items that are held for remanufacture prior to sale or internal use.

Respondents are encouraged to provide the reasons for their positions. The exposure draft requests comments by October 16, 2006. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/exposure.htm>).

ABOUT FASAB

The mission of the FASAB is to promulgate federal accounting standards after considering the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources.

For more information on FASAB, please visit our website: www.fasab.gov.